

The Committee on Health Policy and Senior Citizens offered the following substitute:

April 30, 1997

**SUBSTITUTE FOR
SENATE BILL NO. 76**

A bill to amend 1980 PA 350, entitled
"The nonprofit health care corporation reform act,"
by amending section 401 (MCL 550.1401), as amended by 1984 PA
66.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 401. (1) A health care corporation established, main-
2 tained, or operating in this state shall offer health care bene-
3 fits to all residents of this state, and may offer other health
4 care benefits as the corporation specifies with the approval of
5 the commissioner.

6 (2) A health care corporation may limit the health care ben-
7 efits that it will furnish, except as provided in this act, and
8 may divide the health care benefits ~~which~~ THAT it elects to
9 furnish into classes or kinds.

1 (3) A health care corporation shall not do any of the
2 following:

3 (a) Refuse to issue or continue a certificate to 1 or more
4 residents of this state, except while the individual, based on a
5 transaction or occurrence involving a health care corporation, is
6 serving a sentence arising out of a charge of fraud, is satisfy-
7 ing a civil judgment, or is making restitution pursuant to a vol-
8 untary payment agreement between the corporation and the
9 individual.

10 (b) Refuse to continue in effect a certificate with 1 or
11 more residents of this state, other than for failure to pay
12 amounts due for a certificate, except as allowed for refusal to
13 issue a certificate under subdivision (a).

14 (c) Limit the coverage available under a certificate, with-
15 out the prior approval of the commissioner, unless the limitation
16 is as a result of: an agreement with the person paying for the
17 coverage; an agreement with the individual designated by the per-
18 sons paying for or contracting for the coverage; or a collective
19 bargaining agreement.

20 (D) RATE, CANCEL BENEFITS ON, REFUSE TO PROVIDE BENEFITS
21 FOR, OR REFUSE TO ISSUE OR CONTINUE A CERTIFICATE SOLELY BECAUSE
22 A SUBSCRIBER OR APPLICANT IS OR HAS BEEN A VICTIM OF DOMESTIC
23 VIOLENCE. A HEALTH CARE CORPORATION SHALL NOT BE HELD CIVILLY
24 LIABLE FOR ANY CAUSE OF ACTION THAT MAY RESULT FROM COMPLIANCE
25 WITH THIS SUBDIVISION. THIS SUBDIVISION APPLIES TO ALL HEALTH
26 CARE CORPORATION CERTIFICATES ISSUED OR RENEWED ON OR AFTER 60

1 DAYS AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION. AS USED IN
 2 THIS SUBDIVISION, "DOMESTIC VIOLENCE" MEANS INFLECTING BODILY
 3 INJURY, CAUSING SERIOUS EMOTIONAL INJURY OR PSYCHOLOGICAL TRAUMA, OR
 4 PLACING IN FEAR OF IMMINENT PHYSICAL HARM BY THREAT OR FORCE A
 5 PERSON WHO RESIDES OR HAS RESIDED WITH OR WHO HAS A CHILD IN COMMON
 6 WITH THE PERSON COMMITTING THE VIOLENCE.

7 [REDACTED]
 8 [REDACTED]
 9 [REDACTED]
 10 [REDACTED]
 11 [REDACTED]
 12 [REDACTED]
 13 [REDACTED]
 14 [REDACTED]
 15 [REDACTED]
 16 [REDACTED]
 17 [REDACTED]
 18 [REDACTED]

19 (4) ~~Nothing in subsection (3) shall~~ SUBSECTION (3) DOES
 20 NOT prevent a health care corporation from denying to a resident
 21 of this state coverage under a certificate for any of the follow-
 22 ing grounds:

23 (a) That the individual was not a member of a group ~~which~~
 24 THAT had contracted for coverage under this certificate.

25 (b) That the individual is not a member of a group with a
 26 size greater than a minimum size established for a certificate
 27 pursuant to sound underwriting requirements.

1 (c) That the individual does not meet requirements for
2 coverage contained in a certificate.

3 (5) A certificate may provide for the coordination of bene-
4 fits, subrogation, and the nonduplication of benefits. Savings
5 realized by the coordination of benefits, subrogation, and nondu-
6 plication of benefits shall be reflected in the rates for those
7 certificates. If a group certificate issued by the corporation
8 contains a coordination of benefits provision, the benefits shall
9 be payable pursuant to the coordination of benefits act.

10 (6) A health care corporation shall have the right to status
11 as a party in interest, whether by intervention or otherwise, in
12 any judicial, quasi-judicial, or administrative agency proceeding
13 in this state for the purpose of enforcing any rights it may have
14 for reimbursement of payments made or advanced for health care
15 services on behalf of 1 or more of its subscribers or members.

16 (7) A health care corporation shall not directly reimburse a
17 provider in this state who has not entered into a participating
18 contract with the corporation.

19 (8) A health care corporation shall not limit or deny cover-
20 age to a subscriber or limit or deny reimbursement to a provider
21 on the ground that services were rendered while the subscriber
22 was in a health care facility operated by this state or a politi-
23 cal subdivision of this state. A health care corporation shall
24 not limit or deny participation status to a health care facility
25 on the ground that the health care facility is operated by this
26 state or a political subdivision of this state, if the facility
27 meets the standards set by the corporation for all other

1 facilities of that type, government-operated or otherwise. To
2 qualify for participation and reimbursement, a facility shall, at
3 a minimum, meet all of the following requirements, which shall
4 apply to all similar facilities:

5 (a) Be accredited by the joint commission on accreditation
6 of hospitals.

7 (b) Meet the certification standards of the medicare program
8 and the medicaid program.

9 (c) Meet all statutory requirements for certificate of
10 need.

11 (d) Follow generally accepted accounting principles and
12 practices.

13 (e) Have a community advisory board.

14 (f) Have a program of utilization and peer review to assure
15 that patient care is appropriate and at an acute level.

16 (g) Designate that portion of the facility ~~which~~ THAT is
17 to be used for acute care.